

**STATE OF ALABAMA  
OFFICE OF STATE TREASURER  
SAFE DIVISION**

**FEDERAL HOME LOAN BANK LETTERS OF CREDIT  
APPLICATION FOR APPROVAL AND AGREEMENT GOVERNING USE  
SAFE PROGRAM**

**I. DATE OF AND PARTIES TO THE AGREEMENT**

This Agreement is effective \_\_\_\_\_, \_\_\_\_\_. The parties to this Agreement are the State Treasurer, State of Alabama (hereinafter referred to as "Treasurer") and the Qualified Public Depository (hereinafter referred to as "QPD").

**II. DEFINITIONS**

Terms used herein shall have the definitions given therein in Section 41-14A-2, Code of Alabama 1975, as amended from time to time (the "SAFE Act"), and any rules or regulations promulgated by the SAFE Board of Directors, as amended from time to time (the "SAFE Rules").

**III. NAME CHANGE INFORMATION**

If there are Federal Home Loan Bank letters of credit already issued to the Treasurer under a former QPD member account name that will continue to be used to meet collateral requirements for this QPD pursuant to Section 41-14A-5, Code of Alabama, list the former name:

\_\_\_\_\_.

**IV. AGREEMENT PURSUANT TO RULE 892-X-1-.18**

As an inducement for the Treasurer to approve the use of FHLB letters of credit in connection with satisfying the QPD's Collateral-Pledging Requirement under the SAFE Program, the QPD represents and warrants to the Treasurer and covenant and agree with the Treasurer as follows:

- A. The QPD is a member of the FHLB of \_\_\_\_\_ (the "FHLB"). The QPD shall arrange for issuance by FHLB and delivery to the Treasurer of one or more letters of credit that meet the requirements of Section 41-14-35, Code of Alabama and Rule 892-X-1-.18 ("FHLB L/Cs"). The use of FHLB L/Cs to satisfy SAFE collateral requirements and all transactions involving FHLB L/Cs require the Treasurer's prior written approval and shall be subject to all requirements, conditions, limitations and restrictions of the SAFE Act and the SAFE Rules. QPD agrees to comply with all requirements, conditions, limitations and restrictions of the SAFE Act and the SAFE Rules, relating to FHLB L/Cs and their use to satisfy SAFE collateral requirements, all of which such requirements, conditions, limitations and restrictions are incorporated herein by this reference. QPD may apply for approval of amendments to any FHLB L/C as provided in Rule 892-X-1-.18. In no event may FHLB L/Cs issued to the Treasurer for the account of the QPD constitute a greater percentage of the total collateral required to be maintained by the QPD under the SAFE Program than the limit (the "LC Pledging Limit") established by the SAFE Rules.
- B. Unless earlier executed and delivered by the QPD, this Agreement must be accompanied by the appropriate forms of Collateral Agreement, Contingent Liability Agreement, Authorized Representative(s) and Signature Certification, and Certification(s) of Adoption of Directors' Resolution specified in Rule 892-X-1-.19.
- C. The QPD shall be responsible for all costs and expenses in the use, confirmation and amendment of FHLB L/Cs issued to the Treasurer and acknowledges that these costs and expenses shall not be a charge against the Treasurer or the State of Alabama.
- D. The QPD agrees that any information, form, or report electronically transmitted to the Treasurer shall have the same enforceability as a signed writing of the QPD.

- E. This Agreement shall be authorized, approved or ratified by a certified resolution of the Board of Directors of the QPD verifying the Board's acceptance, approval and authorization of the terms and conditions of this Agreement. This Agreement shall become a part of the official records of the QPD. Contemporaneously with execution of this Agreement, the QPD shall provide to the Treasurer an executed Certification of Adoption of Directors' Resolution pursuant to Rule 892-X-1-.19 to confirm the QPD's compliance with this Section IV.E.
- F. The Treasurer shall have the unconditional right, without further proceedings and without notice of any kind to the QPD or any other person (other than the FHLB in accordance with the terms of the FHLB L/C) to draw, in whole or in part, and in either single or multiple drafts, on any or all FHLB L/Cs held by the Treasurer pursuant to this Agreement at any time prior to the expiration of the applicable FHLB L/C if the Treasurer, in his or her discretion, determines that it is necessary to draw on the FHLB L/C.
- G. This Agreement shall be governed by the laws of the State of Alabama, exclusive of its conflicts of laws principles.
- H. The use, both initial and continuing, of FHLB L/Cs in connection with the satisfaction of the QPD's Collateral-Pledging Requirement under the SAFE Program, either generally or in the case of a particular QPD, shall remain subject to the discretion of the Treasurer. Accordingly, this Agreement will not be deemed to create any enforceable legal rights of the QPD. In addition, in no event shall FHLB, any Public Depositors, any Qualified Public Depositories or any other person or entity be deemed to be intended or implied third-party beneficiaries of this Agreement.

In witness whereof, the parties hereto have executed this Agreement under seal as of the date written below. This Agreement becomes effective only when approved and signed by the Treasurer.

**Acknowledged and Agreed to:**

**Signature Guarantee or Attest by an Authorized Officer:**

(Seal) \_\_\_\_\_  
Name of Depository

By: \_\_\_\_\_  
Signature of Authorized Officer

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Depository Tax ID: \_\_\_\_\_

Depository Charter Date: \_\_\_\_\_

**Acknowledged and Agreed to:**

(Seal) State Treasurer  
State of Alabama

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_